

ASSEMBLY BILL

No. 705

Introduced by Assembly Member Blumenfield

February 17, 2011

An act to amend Section 1241.1 of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 705, as introduced, Blumenfield. Insurance: risk retention.

Existing law prohibits domestic insurers from acquiring foreign investments from or located in foreign jurisdictions designated as state sponsors of terrorism by the United States Secretary of State.

This bill would require that an admitted foreign insurer's foreign investments, located in foreign jurisdictions designated as state sponsors of terrorism by the United States Secretary of State, be disallowed and treated as nonadmitted assets on the financial statements of the admitted foreign insurer filed with the Insurance Commissioner. The bill would also require that if a jurisdiction was not so designated when an investment was made, the investment be disallowed and treated as nonadmitted.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 1241.1 of the Insurance Code is amended
2 to read:
3 1241.1. (a) ~~No~~—A domestic insurer shall *not* acquire any
4 investment (1) respecting a foreign jurisdiction, (2) *supporting*

1 *economic or political activity in, or military activity by or on behalf*
2 *of, that foreign jurisdiction, or any investment (3) denominated in*
3 *the currency of that foreign jurisdiction, if that jurisdiction is*
4 *designated as a state sponsor of terrorism by the United States*
5 *Secretary of State pursuant to Section 6(j) of the Export*
6 *Administration Act, Section 40 of the Arms Export Control Act,*
7 *and Section 620A of the Foreign Assistance Act. If any investment*
8 *made pursuant to Section 1241 later becomes prohibited by this*
9 *section, that investment shall not be retained as an investment*
10 *made pursuant to this code.*

11 ~~(b) If any investment made pursuant to Section 1241 later~~
12 ~~becomes prohibited by this section, that investment shall not be~~
13 ~~retained as an investment made pursuant to this code. Any~~
14 ~~investment of an admitted foreign insurer (1) respecting a foreign~~
15 ~~jurisdiction, (2) supporting economic or political activity in, or~~
16 ~~military activity by or on behalf of, that foreign jurisdiction, or~~
17 ~~(3) denominated in the currency of that foreign jurisdiction, if that~~
18 ~~jurisdiction is designated as a state sponsor of terrorism by the~~
19 ~~United States Secretary of State pursuant to Section 6(j) of the~~
20 ~~Export Administration Act, Section 40 of the Arms Export Control~~
21 ~~Act, and Section 620A of the Foreign Assistance Act, shall be~~
22 ~~disallowed and treated as a nonadmitted asset on the financial~~
23 ~~statements of the foreign insurer filed with the commissioner. If a~~
24 ~~jurisdiction was not so designated when an investment was made,~~
25 ~~the investment shall be disallowed and treated as nonadmitted on~~
26 ~~statements filed with the commissioner after the designation is~~
27 ~~made.~~